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REMARKS

Claims 1-15, 17-20, 22-24, and 26-44 are pending in this application, prior to this amendment. New dependent claims 45 and 46 are added.

Claims 26-44 were rejected under 35 U.S.C. § 102(e) as being clearly anticipated by the *Zirkel* patent (U.S. 6,135,349), which coincidentally happens to be owned by the same assignee (First Data Corporation) as the present invention (Mr. Zirkel is a co-inventor on this application). Claims 1-15, 17-20, and 22-24 were rejected under 35 U.S.C. § 103(a) as unpatentable over allegedly admitted prior art, in view of the *Zirkel* patent. The rejection was made final.

In this amendment, independent claims 1, 17, 22, 26, 40 and 43 have been amended to emphasize aspects of the invention believed to be patentable, as will be explained.

Reconsideration of the application is respectfully requested in view of these amendments and the remarks that follow.

Rejection under 35 U.S.C. § 102(e)

Without admitting the propriety of the statement, the present applicants do not contest the examiner's assertion that the manner of operating a device does not differentiate apparatus claims from the prior art. Rather, the applicant submits that all claims are patentable as reciting novel and nonobvious method steps and apparatus, as will be explained.

The *Zirkel* patent relates to a system and method for enabling a merchant to apply for a credit card processing account using the Internet. But the disclosure of this patent says absolutely nothing about (a) configuring a terminal for use in connection with such an account (called a "merchant account" in the present application), or (b) configuring the merchant account file for administration of the merchant account with identification information and any risk adjustment measures. Such steps, among others, are recited in various claims of the present application, as amended, and should render both the method claims and the apparatus claims allowable.

The *Zirkel* patent is very non-specific (i.e. it is silent) when it comes to either operation in connection with a point-of-sale terminal, or in connection with risk adjustment measures that might be applicable to a particular merchant. Rather, the *Zirkel* patent's disclosure and claims both focus on banking information associated with a merchant, and a

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bank profile of a bank associated with the merchant. Indeed, the patent does not even show or describe a point-of-sale terminal associated with the merchant.

For example, FIG. 1 of *Zirkel* shows collecting information from the merchant, including bank reference information (step 14) and bank account information (step 16); no terminal is mentioned, nor any risk adjustment measures. FIG. 2 shows system components but no point-of-sale terminal ("POS2000", element 52, is only described in connection with equipment and supplies data, see column 3, lines 59-60). FIG. 3 only shows general information collected from the merchant, but nothing about a point-of-sale terminal. FIG. 4 only shows owner and reference information, and bank reference information. FIG. 5 shows collection of banking information from the merchant. FIG. 6 shows only choice of card types taken. There are no more figures.

The claims of the *Zirkel* patent are consistent with the emphasis on banking information and lack of emphasis, let alone disclosure, of anything having to do with point-of-sale terminals or risk adjustment measures. (The applicant acknowledges that the claims of a cited reference have no specific bearing on what a patent discloses for purposes of 35 U.S.C. §§ 102 and 103, but brings the matter to the examiner's attention as illustrating how the *Zirkel* patent fails to disclose, teach, or suggest the claimed aspects of configuring a point-of-sale terminal and risk adjustment measures). There are only 2 claims in the *Zirkel* patent: claim 1 recites that the information submitted by the merchant includes banking information and that there is a bank profile of a bank associated with the merchant; claim 2 recites pretty much the same banking information and bank profile, in a somewhat different context. Neither claim even mentions a point-of-sale terminal or risk adjustment measures.

In contrast, the claims of the present application, as amended, are clearly directed to configuring a point-of-sale terminal, and/or risk adjustment measures in connection with a merchant account. Because the *Zirkel* reference fails to disclose, teach, or suggest these aspects, even taken with applicants' alleged "admissions," the claims at the very least should be deemed novel. It is not seen how a 102(e) rejection can be properly maintained based on this reference.

Independent claim 1 is directed to a method for configuring a point-of-sale terminal. Among other things, the claim recites various steps of gathering information from an applicant for a merchant account, including selecting a point-of-sale terminal (which could be

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a new terminal or a terminal already in possession of the merchant/applicant). The method further recites steps of, in response to an indication of acceptance of terms and conditions from the applicant and during the on-line session, generating identification information associated with the merchant account and the point-of-sale terminal, the identification information comprising a merchant ID (MID) and a terminal ID (TID). Furthermore, the method recites configuring during the on-line session an account file for administration of the merchant account with the identification information; and configuring the selected point-of-sale terminal with the identification information.

None of these aspects are disclosed, taught or suggested in the *Zirkel* reference.

Independent claim 17 is also directed to method for configuring a point-of-sale terminal. This claim recites various steps of, among other things, gathering information from a merchant/applicant, including receiving information from the applicant selecting a point-of-sale terminal for use in connection with the merchant account. Further steps relating to determining a credit risk score, establishing terms and conditions, displaying terms and conditions, generating identification information associated with the merchant account and the point-of-sale terminal, configuring an account file for administration of the merchant account with the identification information; and electronically issuing a visitation order requesting a physical visit to the premises of the applicant to verify that the applicant is conducting a type of business stated in the application.

None of these aspects of claim 17 are disclosed, taught, or suggested in the *Zirkel* reference.

Independent claim 22 is also directed to a method for configuring a point-of-sale terminal, which steps are carried out during an on-line session. This claim, however, includes a step of determining risk adjustment measures comprising a reserve requirement and a risk-adjusted fee schedule for services related to administration of the merchant account. These risk adjustment measures are based on a business risk category associated with the business type designation of the merchant. The claim further includes the steps of displaying terms and conditions relating to the risk adjustment measures and receiving an indication of acceptance of the terms and conditions from the applicant. As in claim 1, the method includes the step of generating identification information associated with the merchant account and the point-of-sale terminal, the identification information comprising a merchant

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ID (MID) and a terminal ID (TID). Finally, the claim recites configuring an account file for administration of the merchant account with the identification information and the risk adjustment measures and configuring the selected point-of-sale terminal with the identification information.

None of these aspects of claim 22 are disclosed, taught, or suggested in the *Zirkel* reference.

Based on the foregoing, it is not seen how a 102(e) rejection can be maintained based on the *Zirkel* reference, and it is requested that the rejection be withdrawn.

Claim 26 is an apparatus counterpart of claim 1, and the remarks in connection with claim 1 are applicable.

Claim 40 is an apparatus counterpart of claim 17, and the remarks in connection with claim 17 are applicable.

Claim 43 is an apparatus counterpart of claim 22, and the remarks in connection with claim 22 are applicable.

Rejection under 35 U.S.C. § 103(a)

Claims 1-15, 17-20, and 22-24 were rejected as unpatentable over alleged prior art as described in the specification, in view of *Zirkel*. As explained by the examiner during the interview, if the invention is merely automating a known process using the Internet, then the invention would be deemed obvious. In this regard, the examiner asserted in the Office Action on page 4 that "as [allegedly] described by applicant, the essence of the instant invention is a method of using the Internet, by means of appropriate computer hardware and software, to perform an otherwise conventional, well known method for activating a merchant account, accomplishing the same result as had heretofore been accomplished via manual means."

This assertion is respectfully traversed. The claims of the present application are not merely directed to using the Internet to activate a merchant account. Rather, the present invention, as recited in claims 1, 17, 22, 26, 40, and 43 (as amended), is directed to configuring a point-of-sale terminal for use in connection with a merchant account via an on-line process of applying for a merchant account. There are certain advantages and features of

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this process that were simply not possible without using certain computer-implemented aspects, with information gathered in an on-line application process.

The combination of the alleged admission in the application (presumably the background of the invention section) together with the *Zirkel* patent does not meet the claims, as amended, or render them obvious.

Firstly, the present application clearly sets forth the disadvantages of speed and convenience of the conventional process of activating a merchant account, requiring an applicant to fill out a form, submit it, have the form approved, etc. (See Background of the Invention in the present application, pages 1-4, and specifically page 4, lines 3-12). The application says nothing about the utility and advantages of receiving information from the applicant in an on-line process, determining terms and conditions applicable to the applicant based on the information received, then using an on-line acceptance of such terms and conditions to activate the merchant account with appropriate information, followed by configuring a selected point-of-sale terminal (either a new terminal or a terminal already in possession of the applicant), and other related steps that could only occur with an integrated, on-line application process, with determining terms and conditions while on-line, and then configuring the selected point-of-sale terminal. The known manual process is completely incapable of this real time account provisioning, determination of terms and conditions in veritable "real time" (at least, as recited, during the on-line session).

Secondly, *Zirkel* patent does not supply the missing teachings. As described above, the *Zirkel* patent is completely silent about configuring a point-of-sale terminal, let alone provisioning a merchant account based on the on-line determination of qualification for the account, and of determining terms and conditions applicable to the merchant account, and of displaying such terms and conditions, receiving acceptance, and then configuring the point-of-sale terminal. Thus, it is not believed that a rejection premised on the applicant's alleged admissions, combined with *Zirkel*, can be maintained.

Thirdly, the claims have been amended to more clearly highlight aspects of the invention that the examiner and the Office should accord appropriate weight in determining nonobviousness. All independent claims now recite, more or less, that the invention is directed to configuring a selected point-of-sale terminal for use in connection with a merchant account, in an on-line process. And for certain claims, based on information received during

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the on-line process, terms and conditions applicable to the account are determined and displayed for acceptance, and if accepted the merchant account is configured with identification information, and that identification information (and perhaps other information) is used to configure a selected point-of-sale terminal. Some claims require that the merchant/applicant select a point-of-sale terminal – the selected terminal is then configured with appropriate identification information so as to enable transactions to be conducted.

There are various other amendments to the claims that even further emphasize the nonobvious differences between the claims in this case (as amended), and the known manual processes and the cited *Zirkel* reference. For example, claims 22 and 43 relate to the additional limitation of determining risk adjustment measures based on information received from a merchant/applicant, configuring the account file with identification information and any determined and accepted risk adjustment measures, and configuring the selected point-of-sale terminal with the identification information. Many of these aspects are determined real time (veritably), which were simply not possible with a manual merchant account activation process, and provide advantages to both merchants and account acquirers alike.

For the foregoing reasons, it is respectfully submitted that claims 1, 17, 22, 26, 40, and 43, as amended, should be found novel, nonobvious, and therefore patentable.

Certain dependent claims have also been amended, for clarification or to ensure their consistency with other claims. For example, claim 4 has been amended to clarify that the configuration of a selected point-of-sale terminal can related to a terminal that is already in possession of the merchant/applicant. This contrasts with claim 3, which relates to a point-of-sale terminal (e.g. a new one) that is shipped to the applicant.

New dependent claims 45 and 46 are added to ensure coverage of the notion that the applicant may select from a new terminal or an existing terminal already in their possession.

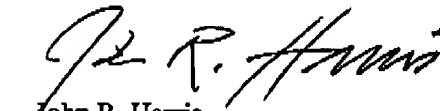
The foregoing, in conjunction with the contemporaneously filed RCE, is submitted as a full and complete response to the Office Action final rejection mailed March 11, 2003 and is believed to have placed all claims in condition for allowance. Such action is courteously solicited. If any issues remain that can be resolved by telephone, the examiner is respectfully requested to contact the undersigned at 404 504 7720.

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